

St. Tikhon's Orthodox Monastery

Financial Statements and
Supplementary Information

December 31, 2020 and 2019

St. Tikhon's Orthodox Monastery

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Independent Accountants' Review Report

To the Board of Directors of
St. Tikhon's Orthodox Monastery

We have reviewed the accompanying financial statements of St. Tikhon's Orthodox Monastery, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, except for the issue noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure From Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 1 to the financial statements, accounting principles generally accepted in the United States of America require that revenue from exchange transactions is recorded as contract obligations until the performance obligation is satisfied through performance of interment services. Management has informed us that revenue from the sale of cemetery property is recognized when received. Management has not determined the effects of this departure from accounting principles generally accepted in the United States of America on financial position, changes in net assets and cash flows.

Other Matter

The departmental schedules of financial position, activities and operating, personnel and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. Except for the effects of the matter described in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, if any, we are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Baker Tilly US, LLP

Wilkes-Barre, Pennsylvania
June 30, 2021

St. Tikhon's Orthodox Monastery

Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 576,916	\$ 541,276
Investments	3,026,076	-
Accounts receivable	62,714	88,071
Inventories	248,642	289,988
	<u>3,914,348</u>	<u>919,335</u>
Total current assets	3,914,348	919,335
Property and Equipment, Net	<u>2,174,325</u>	<u>1,591,351</u>
Total assets	<u>\$ 6,088,673</u>	<u>\$ 2,510,686</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 65,336	\$ 27,920
Accounts payable	6,891	27,043
Payroll taxes payable	4,608	3,369
Sales tax payable	597	750
Deferred revenue	1,112	1,224
Refundable advance	40,179	-
	<u>118,723</u>	<u>60,306</u>
Total current liabilities	118,723	60,306
Long-Term Debt	<u>657,133</u>	<u>298,742</u>
Total liabilities	<u>775,856</u>	<u>359,048</u>
Net Assets		
Without donor restrictions	2,138,629	2,030,591
With donor restrictions	3,174,188	121,047
	<u>5,312,817</u>	<u>2,151,638</u>
Total net assets	5,312,817	2,151,638
Total liabilities and net assets	<u>\$ 6,088,673</u>	<u>\$ 2,510,686</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statements of Activities

Years Ended December 31, 2020

With Comparative Total for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and Revenue				
Contributions	\$ 640,776	\$ 3,053,141	\$ 3,693,917	\$ 802,615
Bookstore	803,430	-	803,430	948,672
Investment income	104,322	-	104,322	571
Bequests	70,765	-	70,765	81,675
Cemetery plots	31,280	-	31,280	63,712
Iconography projects	-	-	-	34,450
Assessment and dues	12,450	-	12,450	10,570
Activities	2,100	-	2,100	6,910
Other income	765	-	765	-
	<u>1,665,888</u>	<u>3,053,141</u>	<u>4,719,029</u>	<u>1,949,175</u>
Total support and revenue				
	<u>1,665,888</u>	<u>3,053,141</u>	<u>4,719,029</u>	<u>1,949,175</u>
Expenses				
Operating	640,560	-	640,560	838,389
Personnel	366,283	-	366,283	340,886
Cost of goods sold	325,332	-	325,332	410,136
Administrative	145,408	-	145,408	161,010
Fundraising, special events	58,645	-	58,645	40,719
Interest	18,922	-	18,922	17,186
Royalties expense	2,700	-	2,700	7,581
	<u>1,557,850</u>	<u>-</u>	<u>1,557,850</u>	<u>1,815,907</u>
Total expenses				
	<u>1,557,850</u>	<u>-</u>	<u>1,557,850</u>	<u>1,815,907</u>
Change in net assets	108,038	3,053,141	3,161,179	133,268
Net Assets, Beginning	<u>2,030,591</u>	<u>121,047</u>	<u>2,151,638</u>	<u>2,018,370</u>
Net Assets, Ending	<u>\$ 2,138,629</u>	<u>\$ 3,174,188</u>	<u>\$ 5,312,817</u>	<u>\$ 2,151,638</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Statements of Cash Flows

Years Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 3,161,179	\$ 133,268
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	133,826	129,450
Noncash contribution	(102,920)	-
Gifts restricted for long-term investments	(127,150)	(121,047)
Donated securities	(2,925,991)	-
Net realized and unrealized gains on investments	(100,533)	-
Changes in assets and liabilities:		
Accounts receivable	25,357	(14,160)
Inventories	41,346	37,080
Accounts payable	(20,152)	(27,053)
Refundable advance	40,179	-
Payroll taxes payable	1,239	(449)
Deferred revenue	(112)	436
Accrued interest	-	(1,262)
Sales tax payable	(153)	(48)
Net cash provided by operating activities	<u>126,115</u>	<u>136,215</u>
Cash Flows From Investing Activities		
Purchase of investments	(4,906,595)	-
Proceeds from sale of investments	4,907,043	-
Purchases of property and equipment	(688,292)	(70,951)
Net cash used in investing activities	<u>(687,844)</u>	<u>(70,951)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	500,000	-
Gifts restricted for long-term investments	127,150	121,047
Repayments of long-term debt	(29,781)	(23,964)
Net cash provided by financing activities	<u>597,369</u>	<u>97,083</u>
Increase in cash and cash equivalents	35,640	162,347
Cash and Cash Equivalents, Beginning	<u>541,276</u>	<u>378,929</u>
Cash and Cash Equivalents, Ending	<u>\$ 576,916</u>	<u>\$ 541,276</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 18,922</u>	<u>\$ 18,448</u>
Supplemental Disclosure of Noncash Investing Activities and Financing Activities		
Vehicle acquisition financed	<u>\$ 28,508</u>	<u>\$ 17,476</u>

See notes to financial statements

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

St. Tikhon's Orthodox Theological Monastery (the Monastery) was founded in 1905 by St. Tikhon, Patriarch of Moscow.

The Monastery is a brotherhood of Orthodox Christian monks leading a life of prayer and repentance. The primary mission of the Monastery lies in providing the necessary theological, liturgical, spiritual and moral foundations for its members.

The Monastery also owns and operates a cemetery. The Monastery sells the right to be buried on its land and this service is restricted to the Monastery's members and their relatives.

In addition, the Monastery operates a bookstore selling religious books and icons to customers throughout the world.

Subsequent Events

The Monastery evaluated subsequent events for recognition or disclosure through June 30, 2021, the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with a maturity of three months or less when purchased.

Investments and Investment Risk

Investments are carried at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as income without donor restrictions unless the income or loss is restricted by donor or law.

The Monastery's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near future.

Accounts Receivable

Accounts receivable related to bookstore sales are reported at net realizable value. There is no provision for doubtful accounts as management believes all amounts are collectible.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

Inventories

Inventories consist primarily of religious books and icons available for sale. Inventories are valued at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful life of each classification of depreciable asset.

Gifts of long-lived assets such as land, buildings or equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Classification of Net Assets

Without Donor Restrictions - The Monastery's net assets without donor restrictions represent the portion of expendable funds that are available for support of the Monastery's general operations.

With Donor Restrictions - The Monastery's net assets with donor restrictions include contributions received that are restricted for specific time periods, uses and purposes as specified by the donors. The Monastery reports release of donor restricted net assets when the donor stipulations or time restrictions have been met. Net assets with donor restrictions include contributions to fund construction of the Liturgical Arts Center and the new Monks House.

Revenue Recognition

Revenue from the sale of cemetery plots is recognized when funds are received. Accounting principles generally accepted in the United States of America require that revenue from exchange transactions is recorded as contract obligations until the performance obligation is satisfied through performance of interment services. The effect of these departures on the financial position, changes in net assets and cash flows of the Monastery have not been determined. Funds set aside for perpetual care are required to be held in a separate trust. Management has not established a separate trust account for these funds.

Revenue derived from bookstore sales is recognized when merchandise is delivered to the buyer.

Revenue derived from iconography project sales is recognized when the performance obligation of the project is satisfied.

The Monastery recognizes contributions when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest or bequest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Sales and Similar Taxes

The Monastery collects sales and similar taxes imposed on nonexempt customers by various states. The Monastery's policy is to exclude the tax collected and remitted from sales and cost of sales.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

Shipping and Handling Fees and Costs

Inbound and outbound freight costs are included in cost of sales.

Functional Expenses

The costs of operating the Monastery have been summarized on the statements of activities. Directly identifiable expenses are charged to programs and supporting services.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Collections of Religious Artifacts

The Monastery has elected not to capitalize its collection of religious artifacts. These items include religious clothing, books, statues and related jewels. The Monastery protects and preserves these items. These items have lasting historical significance and, as such, appreciate with age. No appreciation has been provided for these items.

Deferred Financing Costs

Costs incurred in connection with debt financing are deferred and amortized over the term of the related debt using the straight-line method, which approximates the interest method. Amortization expense was \$837 in 2020 and \$836 in 2019. Deferred financing costs are presented as a reduction in the carrying amount of the debt liability on the statements of financial position. See Note 4.

Income Taxes

The Monastery is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code.

The Monastery accounts for uncertainty in income taxes by prescribing a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the recognition threshold in 2020 and 2019.

New Accounting Standard Not Yet Adopted

During September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Monastery is currently assessing the effect that ASU No. 2020-07 will have on its financial statements

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

2. Investments and Fair Value Measurements

The composition of investments is as follows at December 31:

	<u>2020</u>
Money market	\$ 983,972
Marketable equity securities	<u>2,042,104</u>
Total	<u>\$ 3,026,076</u>

Investment return is comprised of the following for the years ended December 31:

	<u>2020</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest and dividend income	\$ 3,789	\$ -	\$ 3,789
Realized and unrealized gains on investments	<u>100,533</u>	<u>-</u>	<u>100,533</u>
Total investment return	<u>\$ 104,322</u>	<u>\$ -</u>	<u>\$ 104,322</u>

Investment fees are netted against interest and dividend income without donor restriction.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation hierarchy for disclosure of the inputs to valuation used to measure fair value prioritizes the inputs into three broad levels as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration for substantially the full term of the financial instrument;

Level 3 - Prices or valuation techniques that are unobservable in the market and require significant management judgment or estimation to measure fair value.

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Monastery's assets as of December 31 are all Level 1 investments.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

The following is a description of the valuation methodologies used to determine fair value:

The carrying value of money market accounts approximates fair value because of the short-term maturity of these instruments. Marketable equity securities are measured at fair value based on quoted market prices in active markets for identical assets and are Level 1 inputs.

3. Property and Equipment, Net

Property and equipment, net as of December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 5,300	\$ 5,300
Land improvements	27,777	27,777
Buildings and improvements	3,466,949	3,385,327
Furniture	37,306	37,306
Equipment	85,975	85,975
Vehicles	150,411	116,903
Construction in progress	603,833	3,000
Total	4,377,551	3,661,588
Less accumulated depreciation	2,203,226	2,070,237
Property and equipment, net	<u>\$ 2,174,325</u>	<u>\$ 1,591,351</u>

Depreciation expense was \$132,989 in 2020 and \$128,614 in 2019.

4. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Bookstore		
<u>Honesdale National Bank</u>		
Mortgage loan, monthly payments of \$2,804, including interest at 4.70% for 84 months then adjusting to the prime rate plus 1.45%, maturing January 2032; secured by real estate	\$ 276,102	\$ 293,779
Monastery		
<u>Term note</u>		
Note payable in monthly installments of \$3,030, including interest at 1.17% for 180 months, maturing November 2035; unsecured	394,538	-
<u>Honesdale National Bank</u>		
Note payable in monthly installments of \$525, including interest at 4.00% for 60 months, maturing November 2025; secured by vehicle	28,077	-

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Kia Finance</u>		
Note payable in monthly installments of \$326, including interest at 6.29% for 72 months, maturing October 2023; secured by vehicle	\$ 10,113	\$ 13,245
<u>Volkswagen Credit</u>		
Note payable in monthly installments of \$325, including interest at 2.90% for 60 months, maturing July 2023; secured by vehicle	9,705	13,274
<u>Volkswagen Credit</u>		
Note payable in monthly installments of \$321, including interest at 3.99% for 60 months, maturing August 2024; secured by vehicle	13,143	16,410
	<u>731,678</u>	<u>336,708</u>
Less deferred financing costs	9,209	10,046
Less current portion	<u>65,336</u>	<u>27,920</u>
Long-term debt	<u>\$ 657,133</u>	<u>\$ 298,742</u>

Scheduled principal repayments for periods subsequent to December 31, 2020 are as follows:

Years ending December 31:	
2021	\$ 65,336
2022	67,444
2023	67,362
2024	62,607
2025	61,412
Thereafter	<u>407,517</u>
Total	<u>\$ 731,678</u>

5. Net Assets

Net assets with donor restrictions at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Liturgical Arts Center	\$ 3,090,473	\$ 119,947
Monks House	<u>83,715</u>	<u>1,100</u>
	<u>\$ 3,174,188</u>	<u>\$ 121,047</u>

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

6. Functional Expenses

The Monastery provides theological teachings and services to individuals within its geographic area. Expenses related to providing these services are as follows:

	2020		
	Monastery	Bookstore	Total
Other operating	\$ 235,397	\$ 90,680	\$ 326,077
Cost of goods sold	-	325,332	325,332
Salary and wages	-	223,217	223,217
Depreciation and amortization	86,404	47,422	133,826
Repairs and maintenance	99,276	4,652	103,928
Supplies	86,556	15,574	102,130
Utilities	63,638	23,390	87,028
Insurance	40,512	38,400	78,912
Fundraising, special events	25,187	33,458	58,645
Interest	2,956	15,966	18,922
Payroll taxes	1,355	16,739	18,094
Professional fees	6,484	11,173	17,657
Advertising	14,026	3,608	17,634
Security	15,769	-	15,769
Memberships	11,291	4,124	15,415
Architect fees	-	6,150	6,150
Conferences	5,648	150	5,798
Royalties expense	-	2,700	2,700
Miscellaneous	-	616	616
	<u>\$ 694,499</u>	<u>\$ 863,351</u>	<u>\$ 1,557,850</u>
Total expenses			
	2019		
	Monastery	Bookstore	Total
Other operating	\$ 304,321	\$ 113,465	\$ 417,786
Cost of goods sold	-	410,136	410,136
Salary and wages	-	204,672	204,672
Depreciation and amortization	82,681	46,769	129,450
Repairs and maintenance	202,343	4,408	206,751
Supplies	88,488	20,456	108,944
Utilities	64,492	17,600	82,092
Insurance	56,460	38,904	95,364
Fundraising, special events	30,018	24,607	54,625
Payroll taxes	-	14,754	14,754
Interest	1,591	15,595	17,186
Professional fees	2,497	9,406	11,903
Advertising	1,300	4,006	5,306
Memberships	12,943	5,865	18,808
Conferences	30,299	250	30,549
Royalties expense	-	7,581	7,581
	<u>\$ 877,433</u>	<u>\$ 938,474</u>	<u>\$ 1,815,907</u>
Total expenses			

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

7. Related-Party Transactions

The Monastery made payments to St. Tikhon's Orthodox Theological Seminary, an entity related through church affiliation. Payments were expensed as follows:

	<u>2020</u>	<u>2019</u>
General insurance reimbursement	\$ 40,400	\$ 42,500
Contributions	2,571	6,259
Health insurance reimbursement	-	11,044
Total	<u>\$ 42,971</u>	<u>\$ 59,803</u>

8. Concentrations

Amounts on deposit with any one financial institution are insured up to the Federal Deposit Insurance Corporation limits. The Monastery periodically has cash and cash equivalents on deposit in excess of insured amounts.

9. Liquidity and Availability of Resources

The Monastery's financial assets available for general expenditure within one year of the statements of financial position date for general expenditures are as follows at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 428,804	\$ 541,276
Accounts receivable	62,714	88,071
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 491,518</u>	<u>\$ 629,347</u>

Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

10. Paycheck Protection Program Loan

On May 2, 2020, the Monastery received loan proceeds in the amount of \$40,179 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after, June 5, 2020 at an interest rate of 1 percent with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

St. Tikhon's Orthodox Monastery

Notes to Financial Statements
December 31, 2020 and 2019

The Monastery met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during October of 2020. On January 6, 2021, the Monastery received legal release from the SBA, and therefore, will record the amount forgiven, \$40,179, as grant revenue within the other income section in its 2021 statement of activities.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

11. Contingencies

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. The Monastery's evaluation of the effects of these events is ongoing as of the date the financial statements were available to be issued. COVID-19 may impact various parts of the Monastery's future operations and financial performance. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

St. Tikhon's Orthodox MonasterySchedule of Financial Position by Department
December 31, 2020

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 540,343	\$ 36,573	\$ 576,916
Investments	3,026,076	-	3,026,076
Accounts receivable	17,478	45,236	62,714
Inventories	-	248,642	248,642
Total current assets	3,583,897	330,451	3,914,348
Property and Equipment, Net	1,624,894	549,431	2,174,325
Total assets	<u>\$ 5,208,791</u>	<u>\$ 879,882</u>	<u>\$ 6,088,673</u>
Liabilities and Net Assets			
Current Liabilities			
Current portion of long-term debt	\$ 46,406	\$ 18,930	\$ 65,336
Accounts payable	6,724	167	6,891
Interdepartmental (receivable) payable	(1,028,915)	1,028,915	-
Payroll taxes payable	-	4,608	4,608
Sales tax payable	-	597	597
Deferred revenue	-	1,112	1,112
Refundable advance	-	40,179	40,179
Total current liabilities	(975,785)	1,094,508	118,723
Long-Term Debt	409,170	247,963	657,133
Total liabilities	(566,615)	1,342,471	775,856
Net Assets			
Without donor restrictions	2,601,218	(462,589)	2,138,629
With donor restrictions	3,174,188	-	3,174,188
Total net assets	5,775,406	(462,589)	5,312,817
Total liabilities and net assets	<u>\$ 5,208,791</u>	<u>\$ 879,882</u>	<u>\$ 6,088,673</u>

St. Tikhon's Orthodox MonasterySchedule of Financial Position by Department
December 31, 2019

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 478,380	\$ 62,896	\$ 541,276
Accounts receivable	-	88,071	88,071
Inventories	-	289,988	289,988
Total current assets	478,380	440,955	919,335
Property and Equipment, Net	995,335	596,016	1,591,351
Total assets	<u>\$ 1,473,715</u>	<u>\$ 1,036,971</u>	<u>\$ 2,510,686</u>
Liabilities and Net Assets			
Current Liabilities			
Current portion of long-term debt	\$ 9,987	\$ 17,933	\$ 27,920
Accounts payable	17,957	9,086	27,043
Interdepartmental (receivable) payable	(1,023,915)	1,023,915	-
Payroll taxes payable	-	3,369	3,369
Deferred revenue	-	1,224	1,224
Sales tax payable	-	750	750
Total current liabilities	(995,971)	1,056,277	60,306
Long-Term Debt	32,942	265,800	298,742
Total liabilities	(963,029)	1,322,077	359,048
Net Assets			
Without donor restrictions	2,315,697	(285,106)	2,030,591
With donor restrictions	121,047	-	121,047
Total net assets	2,436,744	(285,106)	2,151,638
Total liabilities and net assets	<u>\$ 1,473,715</u>	<u>\$ 1,036,971</u>	<u>\$ 2,510,686</u>

St. Tikhon's Orthodox MonasterySchedule of Activities by Department
Year Ended December 31, 2020

	Without Donor Restrictions Monastery	With Donor Restrictions Monastery	Without Donor Restrictions Bookstore	Totals
Support and Revenue				
Contributions	\$ 758,430	\$ 3,053,141	\$ 45,000	\$ 3,856,571
Bookstore	-	-	640,776	640,776
Investment income	104,322	-	-	104,322
Cemetery plots	70,765	-	-	70,765
Bequests	31,280	-	-	31,280
Assessment and dues	12,450	-	-	12,450
Activities	2,100	-	-	2,100
Other income	673	-	92	765
	<u>980,020</u>	<u>3,053,141</u>	<u>685,868</u>	<u>4,719,029</u>
Expenses				
Operating	425,699	-	214,861	640,560
Personnel	149,472	-	216,811	366,283
Cost of goods sold	-	-	325,332	325,332
Administrative	91,185	-	54,223	145,408
Fundraising, special events	25,187	-	33,458	58,645
Interest	2,956	-	15,966	18,922
Royalties expense	-	-	2,700	2,700
	<u>694,499</u>	<u>-</u>	<u>863,351</u>	<u>1,557,850</u>
Total support and revenue				
Increase (decrease) in net assets	<u>\$ 285,521</u>	<u>\$ 3,053,141</u>	<u>\$ (177,483)</u>	<u>\$ 3,161,179</u>

St. Tikhon's Orthodox Monastery

Schedule of Activities by Department

Year Ended December 31, 2019

	<u>Without Donor Restrictions Monastery</u>	<u>With Donor Restrictions Monastery</u>	<u>Without Donor Restrictions Bookstore</u>	<u>Totals</u>
Support and Revenue				
Contributions	\$ 725,481	\$ 121,047	\$ 102,144	\$ 948,672
Bookstore	-	-	802,615	802,615
Cemetery plots	81,675	-	-	81,675
Bequests	63,712	-	-	63,712
Iconography projects	-	-	34,450	34,450
Assessment and dues	10,570	-	-	10,570
Activities	6,910	-	-	6,910
Investment income	557	-	14	571
	<u>888,905</u>	<u>121,047</u>	<u>939,223</u>	<u>1,949,175</u>
Total support and revenue	<u>888,905</u>	<u>121,047</u>	<u>939,223</u>	<u>1,949,175</u>
Expenses				
Operating	610,966	-	227,423	838,389
Cost of goods sold	-	-	410,136	410,136
Personnel	142,271	-	198,615	340,886
Administrative	106,492	-	54,518	161,010
Fundraising, special events	16,112	-	24,607	40,719
Interest	1,591	-	15,595	17,186
Royalties expense	-	-	7,581	7,581
	<u>877,432</u>	<u>-</u>	<u>938,475</u>	<u>1,815,907</u>
Total expenses	<u>877,432</u>	<u>-</u>	<u>938,475</u>	<u>1,815,907</u>
Increase in net assets	<u>\$ 11,473</u>	<u>\$ 121,047</u>	<u>\$ 748</u>	<u>\$ 133,268</u>

St. Tikhon's Orthodox Monastery

Schedule of Operating, Personnel and Administrative Expenses by Department Year Ended December 31, 2020

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Operating			
Depreciation and amortization	\$ 86,404	\$ 47,422	\$ 133,826
Repairs and maintenance	99,276	4,652	103,928
Utilities	52,548	9,583	62,131
Supplies	56,878	43	56,921
Chamber choir	6,247	44,000	50,247
Insurance	641	38,400	39,041
Liturgical	38,958	-	38,958
Equipment	26,398	-	26,398
Telephone	11,090	13,807	24,897
Credit card fees	37	20,347	20,384
Assessments and dues	12,646	28,184	40,830
Security	15,769	-	15,769
Cemetery costs	15,319	-	15,319
Architect fees	-	6,150	6,150
Bank fees	4,102	2,273	6,375
Contributions and stipends	(614)	-	(614)
	<u>\$ 425,699</u>	<u>\$ 214,861</u>	<u>\$ 640,560</u>
Personnel			
Salary and wages	\$ -	\$ 201,717	\$ 201,717
Maintenance and support	109,601	-	109,601
Health insurance	39,871	-	39,871
Payroll taxes	-	15,094	15,094
	<u>\$ 149,472</u>	<u>\$ 216,811</u>	<u>\$ 366,283</u>
Administrative			
Office supplies	\$ 29,678	\$ 15,531	\$ 45,209
Automobile	35,349	-	35,349
Salary and wages	-	21,500	21,500
Professional fees	6,484	11,173	17,657
Advertising	14,026	3,608	17,634
Travel	5,648	150	5,798
Miscellaneous	-	616	616
Payroll taxes	-	1,645	1,645
	<u>\$ 91,185</u>	<u>\$ 54,223</u>	<u>\$ 145,408</u>

St. Tikhon's Orthodox Monastery

Schedule of Operating, Personnel and Administrative Expenses by Department Year Ended December 31, 2019

	<u>Monastery</u>	<u>Bookstore</u>	<u>Totals</u>
Operating			
Repairs and maintenance	\$ 202,343	\$ 4,408	\$ 206,751
Depreciation and amortization	82,681	46,769	129,450
Chamber choir	28,232	89,118	117,350
Contributions and stipends	71,986	-	71,986
Utilities	55,862	9,973	65,835
Supplies	61,968	915	62,883
Insurance	331	38,400	38,731
Equipment	34,497	-	34,497
Liturgical	33,392	-	33,392
Credit card fees	(850)	21,560	20,710
Assessments and dues	14,230	5,865	20,095
Telephone	8,629	7,627	16,256
Cemetery costs	15,500	-	15,500
Bank fees	2,165	2,788	4,953
Total operating	<u>\$ 610,966</u>	<u>\$ 227,423</u>	<u>\$ 838,389</u>
Personnel			
Salary and wages	\$ -	\$ 184,872	\$ 184,872
Maintenance and support	86,142	-	86,142
Health insurance	56,129	504	56,633
Payroll taxes	-	13,239	13,239
Total personnel	<u>\$ 142,271</u>	<u>\$ 198,615</u>	<u>\$ 340,886</u>
Administrative			
Office supplies	\$ 40,426	\$ 19,541	\$ 59,967
Automobile	31,970	-	31,970
Travel	30,299	250	30,549
Salary and wages	-	19,800	19,800
Professional fees	2,497	9,406	11,903
Advertising	1,300	4,006	5,306
Payroll taxes	-	1,515	1,515
Total administrative	<u>\$ 106,492</u>	<u>\$ 54,518</u>	<u>\$ 161,010</u>